



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

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Joint Application of Southern California Edison)
Company and San Diego Gas & Electric)
Company for the 2005 Nuclear Decommissioning)
Cost Triennial Proceeding to Set Contribution)
Levels for the Companies' Nuclear)
Decommissioning Trust funds and Address Other)
Related Decommissioning Issues.)
_____)

A.05-11-008
(Filed November 10, 2005)

**UPDATE BY SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) AND SAN
DIEGO GAS & ELECTRIC COMPANY (U 902-E) TO SETTLEMENT AGREEMENT**

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Dated: July 14, 2006

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**UPDATE BY SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) AND SAN
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AGREEMENT**

I.

UPDATE TO APPENDICES B AND C TO SETTLEMENT AGREEMENT

In accordance with the schedule established by the assigned Administrative Law Judge (“ALJ”) at the May 24, 2006 and May 25, 2006 hearings in this proceeding, Southern California Edison Company (“SCE”) and San Diego Gas & Electric Company (“SDG&E”) submit this Update to the Settlement Agreement entered into by and among SCE, SDG&E, Division of Ratepayer Advocates (“DRA”), Federal Executive Agencies (“FEA”), and The Utility Reform Network (“TURN”) (the “Settling Parties”) in the 2005 Nuclear Decommissioning Cost Triennial Proceeding (A.05-11-008) (the “Settlement Agreement” and “2005 NDCTP”).

The Settling Parties represent all of the active parties in SCE’s and SDG&E’s 2005 NDCTP. In the Joint Statement of SCE, SDG&E, DRA, FEA and TURN filed on June 23, 2006 (the “Joint Statement”), the Settling Parties demonstrated that the Settlement Agreement meets the criteria of Rule 51 and San Diego Gas & Electric, (D.92-12-019) 46 CPUC 2d 538 (1992),

regarding all-party settlements. The Settling Parties also requested that the Commission adopt the Settlement Agreement.

No party opposed the Settlement Agreement in their initial post-hearing filings. The Commission should therefore adopt the Settlement Agreement in its entirety.

As stated in the Joint Statement, the Settlement Agreement contains an Appendix B, entitled “Example Allocation of Contribution and Revenue Requirement Among SCE’s Qualified Nuclear Decommissioning Trust Funds” and an Appendix C, entitled “Example Allocation of Contribution and Revenue Requirement Among SDG&E’s Qualified Nuclear Decommissioning Trust Funds.” Pursuant to the Settlement Agreement, Appendix B and Appendix C are required to be updated and filed on July 14, 2006, to reflect May 31, 2006, Decommissioning Trust Fund liquidation values (rather than March 31, 2006 values), because the May 31, 2006 values were not yet available when the parties entered into the Settlement Agreement.¹

Attached hereto as Attachment 1 and Attachment 2 are the Updated Appendix B (for SCE) and Updated Appendix C (for SDG&E) reflecting the May 31, 2006, Decommissioning Trust Fund liquidation values. Both Updated Appendices also continue to reflect a 60% allocation of equities for the Qualified Trusts, as both SCE’s and SDG&E’s respective Nuclear Decommissioning Trust Committees approved of this increased equity allocation subsequent to the execution of the Settlement Agreement. These Updated Appendices show the final allocation that should be adopted by the Commission pursuant to the Settlement Agreement.²

II.

CONCLUSION

The Settling Parties respectfully request that the Commission:

¹ Settlement Agreement, Sections 4.1.1.1 (SCE) and 4.1.2.1 (SDG&E).

² The Updated Appendices include higher proposed contribution amounts and proposed revenue requirement amounts than in their prior counterparts because Trust Fund liquidation values have fallen since March 31, 2006, due to negative stock and bond market performance between March 31, 2006 and May 31, 2006.

1. Adopt the Settlement Agreement in its entirety as reasonable in light of the record, consistent with law, and in the public interest;
2. Find the allocations of the Utilities' annual revenue requirements between the nuclear generating units as agreed to in the Settlement Agreement, and set forth in the Updated Appendices B and C, attached hereto, reasonable;
3. Authorize SCE and SDG&E to establish rates and to recover costs incurred in accordance with the terms of the Settlement Agreement;
4. Find the SONGS 1 Decommissioning Work performed within this triennial period to be reasonable; and
5. Adopt the decommissioning cost estimates in the Application (as modified by the Settlement Agreement).

Respectfully submitted,

By: /s/ Jennifer Shigekawa
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Respectfully submitted,

By: /s/ James F. Walsh
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Dated: July 14, 2006

Attachment A

**Allocation of Contributions and Revenue Requirement
Among SCE's Qualified Nuclear Decommissioning Trust Funds
(\$000)**

	<u>SONGS 2</u>	<u>SONGS 3</u>	<u>PVNGS 1</u>	<u>PVNGS 2</u>	<u>PVNGS 3</u>	<u>Total</u>
Proposed Contribution Amount	18,454	12,568	5,838	6,529	4,459	47,848
Proposed Revenue Requirement Amount	18,673	12,717	5,907	6,607	4,511	48,415

Attachment B

**Allocation of Contributions and Revenue Requirement
Among SDG&E's Qualified and Non-Qualified Nuclear Decommissioning Trust Funds
(\$000)**

	<u>SONGS 2</u>	<u>SONGS 3</u>	<u>Total</u>
Proposed Contribution Amount	5,361	4,131	9,492
Proposed Revenue Requirement Amount	5,436	4,189	9,625

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of the ***UPDATE OF SCE AND SDG&E SETTLEMENT AGREEMENT*** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this 14th **day of July, 2006**, at Rosemead, California.

/s/ Christine Sanchez
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A.05-11-008

Friday, July 14, 2006

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